

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

BOARD OF DIRECTORS

MINUTES OF JANUARY 22, 2007 MEETING

Board Members Present: Thomas Deller, Chairperson; Robert Batting, Vice-Chair; William Kennedy and Chuck Alves.

Also Present: Alfred J. Moscola (General Manager); Lori Caron Silveira (Outside General Counsel); Henry Kinch; Maureen Neira; Mark Therrien; Ellen Mandly and other members of RIPTA's senior staff and the public whose names are listed on the meeting sign-in sheet.

Agenda Item 1: Approval of Minutes of December 18, 2006 Meeting

Mr. Deller opened the meeting and requested comments regarding the minutes of the December 18, 2006 meeting. Hearing none, a motion was made by William Kennedy for approval of the minutes as presented. Robert Batting seconded the motion and the minutes were unanimously approved.

Agenda Item 2: General Managers Report

Mr. Moscola began his general managers report for the month of

November 2006 and noted that replacement pages had been distributed for Section C pages 2, 4 and 5. Mr. Moscola then discussed fuel costs for FY 2007. The high on August 8th was \$2.62, and the low of \$1.87 occurred on January 12, 2007. Fiscal average is \$2.18 and fuel is budgeted at \$2.60 per gallon. The impact of fuel costs on the budget has been significant and has resulted in budgeting an additional \$3 million for fuel costs since FY 2003. Recently fuel costs have been declining and Mr. Moscola is hopeful that fuel costs will remain under budget and will help to make up for the \$940,000 reduction from gas tax revenue.

Mr. Moscola stated that the entire fleet of RIDOT vehicles have been serviced by RIPTA and said vehicles are now being cycled through RIPTA's preventive maintenance and inspection program.

In response to a request made by Mr. Batting, a new section has been added to the monthly General Manager's Report. The new Section D – Human Resources gives budget versus actual headcounts for each RIPTA department. Tom Deller noted that of 859 positions, 841 are filled and wondered if the open positions were due to budget constraints. Mr. Moscola said some positions were open due to long-term illnesses, imminent retirement or the hiring has been postponed to FY 2009. Mr. Batting said that approximately a year and a half ago the Board was given a five-year history of manpower by job category and it showed virtually no increase in bus driver hiring in 7 years, however the hiring of supervisors had increased. In Mr.

Batting's opinion, when a business is in trouble you must cut overhead. He feels there are too many layers of supervision and urged that cuts be made in this area. Mr. Moscola replied that in the past 6 years some major events impacted staffing levels citing the opening of Kennedy Plaza, which necessitated additional supervisory positions as an example of such. Kennedy Plaza is now open 7 days a week, including holidays, requiring that a Supervisor be on duty as well as the command center must remain open and utility workers must be there for cleaning the facility. Previously, Kennedy Plaza was closed weekends, but in response to a public outcry and requests from Bonanza and Greyhound, who rent space in RIPTA's facility, the facility is now kept open more days and longer hours.

Mr. Moscola continued that other impacts to hiring included RIPTA's assumption of the Ride administration, centralized maintenance and the opening of the Chafee Maintenance Facility. Mr. Moscola stressed that he and staff are reviewing each and every open position before filling such. Mr. Deller stressed the importance of reviewing staffing levels and Mr. Moscola replied that he understands the Board's position.

Tom Deller asked if there were any questions for the General Manager and hearing none moved on to the next agenda item.

Agenda Item 3: FY 2007 Budget Update

Maureen Neira addressed the Board to give an update on the FY 2007 Budget. Ms. Neira stated that as a result of the November revenue estimating conference, RIPTA's gas tax yield will be reduced by approximately one million dollars for FY 07 and 08. She reported RIPTA has realized some savings due to lower fuel costs, risk management claims that have been delayed and increases in Ritecare revenue. However, utilities are up due to the colder weather. At this point, Ms. Neira expects RIPTA to meet its budget at year end.

Mr. Moscola stated that his first priority is meeting the FY 2007 budget as he did last year. With five months remaining in this fiscal year, RIPTA is facing a \$940,000 deficit due to the gas tax yield but feels it can be made up if fuel costs continue to stay low. Mr. Batting commented that the gas yield and fuel costs are almost in sync. He then asked what the gas tax in Massachusetts is and Ms. Neira said she believes it is 7.5 cents less than ours, but has heard that Massachusetts may be raising their gas tax. Mr. Moscola added that both RIPTA and RIDOT are impacted when Rhode Islanders go to Massachusetts to purchase gas, since both agencies rely on revenue from the gas tax.

Mr. Deller referred back to the General Manager's report and questioned the rise in salaries noted in the report on page B3. Maureen Neira said that whether an employee is working or not, the job still has to run, citing as an example that an employee might be

out due to long-term illness, but the job is covered. Mr. Moscola stated that many of the jobs have overtime built in to the work. He also informed the Board that one employee passed away and his vacation and sick accruals had to be paid out. Mr. Batting said he would like to see a report tracking overtime in hours, not dollars for the past few years. Ms. Neira said that currently overtime is tracked in dollars, but will go back and re-track it in hours. Mr. Moscola said that efforts are ongoing to reduce overtime, and currently all timecards with overtime must be approved by him personally before being submitted for payment.

Agenda Item 4: Presentation by Prescott, Chatellier, Fontaine & Wilkinson on GASB/FASB Pensions

Maureen Neira introduced Jim Wilkinson and Deb Mitchell of Prescott, Chatellier, Fontaine and Wilkinson to respond to questions raised by Mr. Batting at the November Board meeting. Mr. Wilkinson gave a brief history of governmental accounting standards, highlighting the differences between governmental plans that are subject to GASB standards and private plans that are subject to FASB standards. Such requirements have been changed and RIPTA is now required to adhere to GASB standards that recognizes and discloses obligations related to pension benefits.

Mr. Batting said that in lay terms a publicly traded company would not be allowed to carry unfunded liability, and that requirements for

providing funds must be acknowledged in financial statements. Mr. Batting continued that currently, the program is run on a “pay as you go basis”, and the establishments of a trust fund would be required to change how the benefits are funded. He also noted that the RIPTA pension system is currently approximately half funded. He asked if quasi agencies are included when the Governor or legislators refers to the unfunded liabilities at the state level. Maureen Neira responded that the state is only referring to benefits provided from the State Retirement Fund; not the RIPTA Employees’ Pension Plan. However RIPTA as well as all other quasi agencies are included in the state’s financial statements. Bob Batting asked Mr. Wilkinson if RIPTA were a public entity, what would be required? Mr. Wilkinson responded that full reporting would be required; and added that the new standards in place are moving in that direction.

Mr. Deller asked if there were further questions and hearing none moved on to the next agenda item.

Agenda Item 5: Director Capaldi Proclamation

Mr. Deller noted that each member’s board package contained a copy of the proclamation that Mr. Moscola had drafted and framed to honor retiring RIDOT Director, James Capaldi. He asked for a motion on the proclamation and Mr. Batting moved that the proclamation be approved as presented. Mr. Kennedy seconded the motion and it passed unanimously. Mr. Deller also suggested that the board

members take Director Capaldi out to dinner to thank him for his efforts on behalf of RIPTA. Mr. Kennedy will be on vacation the month of February, therefore dinner will be scheduled sometime in March.

Agenda Item 6: Annuity Procurement

Roger Mencarini addressed the board regarding agenda item 6, retirement annuity for Dr. Beverly Scott. This annuity was part of the contract for the previous General Manager, Dr. Scott. Pursuant to Dr. Scott's employment contract, which was approved by the Board in 2002, Dr. Scott is entitled to receive a maximum annual retirement benefit of \$10,926.50 for life upon reaching the age of 62. Dr. Scott resigned from RIPTA in 2002 and will be 62 in August of 2013. Based on the advice of legal counsel regarding the increasing cost of delaying the purchase, staff requested RIPTA's insurance broker; Starkweather & Shepley to obtain quotes. Starkweather & Shepley received 3 quotes. Staff recommends the award of the annuity contract to United of Omaha, the lowest responsive bidder, for \$106,693 to be paid from operating funds.

Mr. Batting commented that in light of the recent GASB/FASB discussions, this procurement is appropriate. However he made the observation that RIPTA is required to take money out of operating funds to ensure Dr. Scott, a former employee, is covered, yet RIPTA is not taking the same measures to cover current employees. Mr.

Kennedy commented that there is no choice as RIPTA is contractually obligated to do so. Mr. Kennedy then moved to approve the purchase of the annuity as presented and Mr. Batting seconded the motion, which passed unanimously.

Agenda Item 7: RFP 07-01 Paratransit Scheduling Software

Next Mr. Mencarini discussed RFP 07-01 for Paratransit Scheduling Software. Staff recommends the award of a contract to RouteMatch Software, Inc to provide scheduling and dispatching software for paratransit operations. The cost of the software including support, updates and all upgrades for the next five years is \$2,292,695.

Mr. Mencarini explained that after two years RIPTA issued a very detailed RFP listing the desired features, required functionality and a description of Rlde and Flex services. An extensive description of procedures and operating environment was also included. In addition to cost, a great deal of evaluation went into reviewing the ten bids received.

Mark Therrien addressed the board and gave a history of the Rlde program from its inception and discussed the competitive bidding process held by the State. RIPTA won the competitive bid and ultimately took over 80% of all Rlde operations including full administrative duties and vehicle maintenance. Currently RIPTA employs 24 employees in Rlde, who manually handle the

administration and scheduling of 3,500 trips per day on each weekday, and 500 trips on the weekends. Scheduling and dispatch of the Ride program is a high priority for RIPTA, and is currently a highly manual process. Each day, Schedulers create driver manifests, which are distributed to the Ride drivers at the end of the day for the next day's trips. Daily, the drivers must manually record mileage, notes and pickup and delivery times on these manifests, and then return them back to the Ride office. Three employees from Ride manually review the drivers' notes from the manifest for verification and billing purposes.

The software currently used by Ride is obsolete and the company that supplied it has been sold. In preparing and researching the RFP, Ed Scott, along with other members of RIPTA staff visited agencies and providers and also talked to software users. It was determined that RIPTA needed software that does true scheduling and electronic mapping, and that such software should have interactive voice response and a mobile data computer, which will give directions and record the time and mileage. This information will be sent by instant message to the Ride office staff, and the drivers will be able to communicate with the Ride office staff utilizing the instant messenger. RIPTA staff informed the board that the implementation of this software will enable Ride administration to operate in a much more efficient manner.

Mr. Kennedy commented that staff did an excellent job of researching

Rlde software needs. Mr. Batting noted that the cost of the software is \$2.3 million and asked if the implementation of the software would affect the level of staffing at the Rlde offices. Mark Therrien responded the implementation will take approximately one year and that should not be any additional staff required to support the new software, and the possibility exists that less staff may be required.

Mr. Batting then asked about the funding for this procurement. Mr. Therrien replied that 80% of the cost will be federally funded and 20% local match is funded from the Paratransit Capital fund, with monies derived from an hourly fee paid by Rlde funding agencies. The cost is broken into three phases and the initial \$2.2 million includes a 5-year maintenance contract on the software. He added that RIPTA could realize a cost savings of as much as \$500,000 annually, by maximizing efficiencies and moving clients out of cabs and on to buses. Mr. Batting asked where the cost of cabs is located in the financials, and Ms. Neira responded that it is included in the ADA costs.

Mr. Kennedy stated this appears to be a great system further indicating that he would recognize such based on his volunteer experience at the VA Hospital. He then made a motion to award the Paratransit Scheduling and Dispatch Software contract to RouteMatch Software, Inc as recommended by staff. Mr. Batting seconded the motion, which passed unanimously.

Agenda Item 8: RFP 07-08 Insurance Broker Services

Mr. Mencarini discussed the staff summary recommending the award of the contract for Insurance Broker Services to the current provider, Starkweather and Shepley. This is a one-year contract with up to four annual renewal options. After a brief discussion, Mr. Batting moved that the contract be awarded as recommended. Mr. Kennedy seconded the motion, which passed unanimously.

Agenda Item 9: Public Comment

Mr. Deller continued on to the next agenda item for public comments. Mr. Deller stated that he had sent a letter to the Governor expressing concern over the current size of the Board and respectfully requesting that he nominate additional directors. He then announced that due to few procurements and a lack of quorum, the February meeting would be canceled. The next regularly scheduled meeting of the Board will be on March 19, 2007.

Next Mr. Deller asked for comments and Ellen Mandly responded that she wished to make a change to the Executive Committee minutes for Board of Directors meeting held on December 18, 2006. The minutes state that labor counsel Andrew Prescott was present, when he was not. Mrs. Mandly asked that Mr. Prescott's name be removed from the minutes. Mr. Kennedy made a motion to approve the change and Mr. Batting seconded the motion, which passed unanimously.

Agenda Item 10: Adjournment

Mr. Batting moved to adjourn the meeting; Mr. Kennedy seconded the motion, which passed unanimously.

Respectfully submitted,

Ellen M. Mandly

Secretary to the Board